		-------- Great Recession --------				---- Semester Conversion ----					
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 [4]	2016 [4]	2017
						(15% SSI reduction)				(Preliminary and unaudited)	
320,538,832	333,853,559	336,350,597	356,252,675	366,486,001	397,243,979	361,015,098	371,660,979	373,071,676	365,433,935	376,178,836	
311,764,881	317,306,113	339,844,656	368,265,425	356,497,938	376,408,466	361,238,916	355,879,930	355,521,498	361,129,698	377,185,929	
131,262,871	139,584,821	142,040,658	150,194,749	161,383,027	174,830,917	180,670,151	183,505,881	183,489,135	193,177,031	195,419,847	
77,528,960	79,567,580	83,577,432	91,123,448	91,859,710	91,849,776	77,878,876	77,509,026	78,680,122	80,400,841	83,222,469	
	9,886,492		12,856,277				12,000,000		13,750,000		
	4,384,404		3,759,018								
8,773,951	16,547,446	(3,494,059)	(12,012,750)	9,988,063	20,835,513	(223,818)	15,781,049	17,550,178	4,304,237	(1,007,093)	1,268,404
4,355,100	7,212,100	7,662,525	7,662,525	4,091,654	5,214,000	7,356,145	8,331,000	8,464,000	8,195,000	6,500,000	2,500,000
17,060,644	17,489,534	17,241,295	17,934,088	17,403,764	18,886,631	18,221,112	17,126,271	11,872,712	12,752,929	13,796,491	
15,144,183	16,584,975	20,581,614	8,180,665	12,503,020	19,955,266	14,880,497	16,839,815	22,180,703	15,777,703	26,851,781	
291,925,526	319,088,061	332,536,528	359,662,928	355,007,639	357,215,973	369,999,288	380,171,298	376,342,598	391,170,212	405,759,034	
106,035,566	114,612,888	122,399,987	130,319,583	130,594,708	127,293,112	133,125,514	137,825,680	138,327,312	142,835,248	145,997,054	
34,712,346	37,792,135	40,367,565	39,992,469	41,814,868	40,190,497	44,421,638	42,737,368	40,362,279	42,463,976	45,335,880	
25,896,285	29,781,889	27,070,095	29,205,552	27,567,539	32,520,161	32,609,088	33,916,434	36,341,106	37,150,009	41,407,398	
4,932,399	4,914,088	5,096,206	5,406,578	6,556,011	6,633,255	11,236,939	9,624,079	11,034,860	10,013,665	10,227,927	
23,565,136	25,274,384	26,982,389	27,467,263	25,115,879	25,944,421	25,542,117	26,363,074	21,052,874	20,988,375	22,576,586	
17,074	16,870	16,913	17,662	18,786	19,793	19,600	17,789	17,595	17,779	18,059	17,775
0.77%	-1.19%	0.25%	4.43%	6.36%	5.36%	-0.98%	-9.24%	-1.09%	1.05%	1.57%	-1.60%
6.00%	0.00%	0.00%	0.00%	3.50%	3.50%	3.50%	3.50%	2.20%	2.20%	0.00%	0.00%
91,432,112	92,243,055	78,529,878	66,987,349	71,346,610	110,105,185	100,334,147	99,517,109	90,669,294	56,821,973	12,626,048	
15,817	17,028	14,914	11,996	12,854	15,468	14,848	17,609	18,065	15,987		
4.5	4.3	4.1	3.2	4.1	4.5	3.4	3.4	3.4	2.4	2.1	
A2	A2	A2	A2	A1	A1 Stable	A1 Stable	A1 Stable	A1 Stable	A1 Stable	A2 Stable	
680	701	769	780	786	776	775	776	786	779	775	
1,226	1,330	1,335	1,365	1,351	1,327	1,329	1,317	1,293	1,264	1,318	
461,097,129	474,348,596	474,958,982	476,899,057	496,521,596	531,249,925	576,399,795	588,475,434	570,825,026	541,113,040	495,009,869	
253,156,965	275,825,177	292,816,910	298,307,669	303,713,570	304,458,942	309,490,019	305,023,880	332,897,094	365,995,112	375,898,675	
42,513,677	38,738,096	35,624,887	31,564,022	37,870,633	32,690,128	84,425,012	114,402,042	106,769,168	99,932,140	92,936,177	
28,613,306	14,765,498	3,814,069	(3,410,253)	11,478,362	40,028,006	(8,984,190)	(8,510,319)	(3,270,922)	(25,736,277)	(34,971,751)	

mation adjusted to remove GASB 68 impacts

Oct. 30 2016

Budget Realignment Campus Update

Thomas Sudkamp, Provost
Jeff Ulliman, Chief Financial Officer

Background

The Great Recession spurred an enrollment boom that peaked in 2011 with a Fall enrollment of 19,793 students. At the end of fiscal year (FY) 2011, the University's unrestricted reserves reached an all-time high of $110M. The following year, the State reduced the State Subsidy for Instruction (SSI) to Ohio public institutions of higher education by 15%, which produced a reduction of $14M in state subsidy to Wright State. Table I shows the total university revenue, total expenses, unrestricted reserves, restated and enrollment from FY 2012 to FY 2016. During this period, the unrestricted reserves decreased approximately $87M.

TABLE I: Historical Data	FY 2012	FY 2013	FY 2014	FY 2015	(unaudited) FY 2016
Total Revenue	$361M	$372M	$373M	$365M	$376M
Total Expenses	$370M	$380M	$376M	$391M	$406M
Restricted Reserves	$63M	$41M	$45M	$53M	%52M
Unrestricted Reserves	$100M	$99M	$90M	$56M	$12.6M
Fall Enrollment	19,600	17,789	17,595	17,779	18,059

The university's restricted reserves are comprised of net liabilities owed to third parties in the normal course of doing business such as students, vendors and contractors as well as the federal government for loan fund obligations and sponsors of research and other awards. The university's unrestricted reserves consist of the carryover balances (unspent funds in the annual budgets) in each college and division and fund balances in accounts. The majority of the unrestricted reserves reside in the carryover balances.

The $44 million decrease in unrestricted reserves from 2015 to 2016 is a result of several factors:

- A large portion of the budget challenges outlined with campus during the last six months: items such as unfunded personnel, financial aid and fee waivers, student wages, adjunct costs, and a shortfall in tuition and SSI
- A large underperformance in the investment markets
- Capital investments in our facilities which we will see recouped as pledges and bequests are received

Table II gives the change in carryover balances, for the colleges and divisions from FY 2013 to FY 2016.

TABLE II: Carryovers	FY 2013 Reserves	FY 2016 Reserves
BSOM	$12.3M	$10.3M

CECS	$8.8M	$1.2M
CEHS	$2.5M	$2.1M
COLA	$3.6M	$1.3M
CONH	$0.3M	$0.3M
COSM	$3.8M	$3.2M
Lake	$3.4M	$0.5M
RSCOB	$2.8M	-$0.4M
SOPP	$1.5M	$3.6M
University College	$0.1M	$0.7M
Auxiliaries	-$0.2M	-$0.6M
Business and Finance	$7.6M	$9.2M
Curriculum and Instruction	$2.3M	$3.0M
Enrollment Management	-$0.9M	-$5.0M
Facilities Management	$1.7M	$1.2M
General University	$4.5M	$8.3M
MACE	$0.3M	$0.3M
President	$0.0M	-$3.2M
Provost	$1.8M	-$1.8M
Student Affairs	$1.0M	$0.1M
University Advancement	$0.9M	$0.5M
University Library	$0.8M	$1.52M
TOTAL	$62.4M	$33.3M

It should be noted that the university and individual units create reserves to cover unexpected expenses and to finance strategic projects. However, the use of reserves to cover base operating expenses indicates a fundamental misalignment between revenues and expenses that requires correction.

Budget Challenge

In Fall of 2015, the Provost and Chief Financial Officer outlined four initiatives to begin to bring the expenses and revenues into alignment. These initiatives were designed to reduce expenditures and increase efficiency through

- A strategic hiring process
- Enhanced capital project oversight
- Improved financial controls
- Space management

#1 Since approximately 70% of university expenses are salaries and benefits, the most critical component was the use of the strategic hiring process to lower personnel costs. Although the strategic hiring review was effective in reducing the payroll, it was clear that employing strategic hiring assessment when positions became vacant would not be sufficient to make the corrections needed to realign the budget. An analysis of the ongoing expenses indicated that $31.2M would need to be covered either through expense reduction or new revenue generation. $3.5M of new revenue ~~has been~~ was identified identified; ~~for FY17~~ consequently, a reduction of $27.7M from base operating budgets was required.

#2 In January, 2016, President Hopkins in conjunction with campus partners charged Provost Thomas Sudkamp and Chief Financial Officer Jeff Ulliman to develop and implement a plan to bring the expenses into alignment with the revenues. ~~President Hopkins provided the following guiding principles for the remediation plan: the budget~~

Details of the plan were shared with the Campus during the June Budget Workshop and updated to the campus on ________ (see attached).

realignment strategy should be people friendly, support the quality of the academic enterprise, support student success, preserve/expand sources of revenue, preserve unit flexibility, eliminate duplication, maintain best practices in business services, and ensure compliance.

#3

The resulting plan spans two years with $19.7M in base savings accomplished in FY 2017 through budget reductions and the remaining $8M primarily obtained through attrition by not replacing employees who are retiring or leaving Wright State for other employment. As part of the commitment to be employee friendly and to generate attrition to achieve the $8M savings, a voluntary retirement incentive plan (VRIP) was developed and offered to employees eligible for retirement from either the State Teachers Retirement System or the Ohio Public Employee Retirement System. Over 150 employees participated in the VRIP and will be retiring in September, November, January, or April. The total salary associated with the VRIP participants is $14.4M. As part of the budget realignment, at most 40% of the savings obtained from retirements and other separations will be used for replacement positions. In addition, 23 positions were

Fiscal Year 2017 Budget Targets

To achieve the $19M reduction FY 2017, budget targets were determined for all of the units across the campus. FY 2013 was chosen as the baseline because the impact of the recession on enrollment had faded, 2013 was the first academic year on semesters, and the university's unrestricted reserves were stable as seen in Table I.

Budget targets for academic units were based on changes in those units from FY 2013 to FY 2015 (the latest complete year at the time the budgets were developed). Table III shows the number of student full time equivalents taught (30 credit hours per student FTE), research expenditures, and the revenue to expense (R/E) ratios and the changes for each college and school.

Table III	Fiscal Year 2013			Fiscal Year 2015		
	Student FTE	Research	R/E	Student FTE	Research	R/E
COLA	4326.0	$810K	2.09	4088.8 (-5.4%)	$581K	1.78
RSCOB	1664.3	$440K	1.43	1562.9 (-6.0%)	$427K	1.27
CECS	1217.5	$6,117K	1.33	1878.9 (+54.3%)	$5,337K	1.73
COSM	3762.4	$7,614	1.92	3515.2 (-6.5%)	$5,494K	1.71
CONH	589.6	$697K	1.64	507.8 (-13.8%)	$281K	1.39
CEHS	1417.6	$2,871K	1.90	1403.6 (-0.9%)	$3,273K	1.72
SOPP	114.9	$485K	1.01	122.8 (+6.8%)	$352K	0.99
BSOM	583.0	$14,341K	1.13	601.1 (+3.1%)	$13,179K	1.10
Lake	854.1	$82K	1.86	850.2 (-0.4%)	$97K	1.67

The FY 2017 budgets for all academic units excepting the Boonshoft School of Medicine and the Lake Campus were determined by increasing the FY 2013 budget by an inflationary factor and adjusting the instructional component of the budget proportionally by the change in student FTEs.

The President's and Provost's offices committed to a 10% base reduction of their budgets. Budgets for the other service units used growth from FY 2013 as a factor. The reduction for these service units consisted of 3.5% of the 2016 adopted budget plus reduction of $86K for every full time employee

increase from 2013. The 2017 budget was calculated as the difference between the FY 2015 expenditures and the calculated reduction.

Table IV gives the budgets for the base fiscal year of 2013, the 2016 fiscal year, and the target budget for fiscal year 2017.

TABLE IV: Budget	FY 2013 Budget	FY 2016 Budget	FY 2017 Budget	FY 13 – FY 17 Change	FY 16 – FY 17 Change
BSOM	$32,834K	$32,368K	$36,118K	+10.0%	+11.5%
CECS	$16,229K	$18,568K	$23,279K	+43.4%	+25.3%
CEHS	$11,757K	$12,596K	$12,847K	+9.2%	+1.9%
COLA	$24,788K	$28,392K	$26,158K	+5.5%	-7.8%
CONH	$6,531K	$6,851K	$6,516K	-0.2%	-4.8%
COSM	$26,475K	$28,750K	$27,337K	+3.2%	-4.9%
Lake	$8,781K	$9,033K	$9,660K	+10.0%	+6.9%
RSCOB	$15,169K	$16,130K	$16,037K	+5.7%	-0.5%
SOPP	$4,536K	$4,661K	$4,745K	+4.6%	+1.8%
University College	$2,492K	$2,474K	$2,842K	+14.8%	+14.9%
Business and Finance	$12,124K	$14,252K	$13,736K	+13.2%	-3.6%
CaTS	$1,734K	$3,879K	$2,135K	+23.1%	-44.9%
Curriculum and Instruction	$1,904K	$2,567K	$1,499K	-21.2%	-41.6%
Enrollment Management	$4,395K	$4,616K	$5,144K	+17.0%	+11.4%
Facilities Management	$22,677K	$20,329K	$21,538K	-5.0%	+5.9%
MACE	$1,366K	$1,856K	$1,805K	+32.1%	-2.7%
President	$7,542K	$10,332K	$9,299K	+23.3%	-10.0%
Provost	$9,971K	$11,237K	$10,113K	+1.4%	-10%
Student Affairs	$17,407K	$17,746K	$17,204K	-1.1%	-3.0%
University Advancement	$3,666K	$4,024K	$3,611K	-1.5%	-9.0%
University Library	$9,052K	$9,289K	$8,549K	-5.5%	-7.9%

The FY 2017 budgets support the primary mission of the university with an increase of $5.8M in base budget to the academic units and a reduction of $5.3M to the service units.

College/Division Budget Development

Once the FY 2017 budget targets were determined, it was the responsibility of the units to identify priorities and create the detailed budget. A June 3rd memo from the Provost and CFO to all Deans and Vice Presidents outlined the university priorities: the creation of the new budgets should

- *Maintain educational opportunities and academic quality*
- *Preserve and expand revenue sources*
- *Eliminate duplication*
- *Close areas that are not unit/university priorities*

Consequences of the above:

- *Support for students (scholarships, waivers, GTA, GRA, etc.) cannot be reduced to fund personnel. Student support can only be reduced to bring spending into line with currently budgeted allocations. However, even these reductions must consider the potential impact on enrollment and revenue.*

- *Student instruction is the highest priority of the academic colleges. Funding decisions should focus on providing sufficient faculty, GTAs, student peer instructors, and aligning instructional personnel with current enrollments.*
- *As a result, course offerings should be reviewed for efficiency (decreasing number of sections, increasing class limits), but at least as many seats should be available as enrollments from the previous year.*
- *Deans and VPs should evaluate programs/projects and prioritize their alignment with the university strategic plan and consider revenue to expense ratios.*

Over the summer, budgets were created by the colleges and divisions. These are currently being uploaded into the Banner Finance system.

With the reduction in unrestricted reserves, it is imperative that expenses do not exceed the budgeted amounts. To ensure that the budget goals are met, the Division of Business and Finance will provide monthly reports on reserves, expenditures and remaining year projections to the Board of Trustees and the university community. A mid-year review will assess the effectiveness of the budget realignment strategies and determine if further actions need to be taken in FY 2018.